

Wilcox Energy

March 7, 2013

Co-Chair Bob Duff
Co-Chair Lonnie Reed
Senator Clark J. Chapin
Representative Laura R. Hoydick

Energy and Technology Committee:

I am submitting testimony in **support of section 18 and in opposition to section 19 of H.B. 6360**, AN ACT CONCERNING IMPLEMENTATION OF CONNECTICUT'S COMPREHENSIVE ENERGY STRATEGY.

My name is David Foster, I grew up in my families heating oil business located in Seymour and now I own Wilcox Energy located in Westbrook with my partner. I am on the Connecticut Energy Marketers Association's (CEMA) Board of Directors and I serve on the state of Connecticut's Heating and Cooling Licensing Board.

I am here today to voice my **support for the language in section 18 of H.B. 6360** that would reduce the sulfur content of home heating oil from 3,000 parts per million (ppm) to 15ppm, and removes the language in the law that would require Connecticut to wait for the states of New York, Massachusetts and Rhode Island to have a similar standard.

An ultra low sulfur heating oil (15ppm) will burn cleaner and bring benefits to the environment and my customers. Our industry has reduced the fuel consumption in the average home from 1,300 gallons per year to 800 gallons since the 1970's. With the changes proposed in section 18, my customers will be able to use a cleaner burning fuel.

I am **opposed to section 19 of H.B. 6360** that proposes to set into law a 25 year "hurdle rate". My basic understanding of how the hurdle rate works is that it would allow the natural gas utilities to lower the standards that they have used in the past to facilitate conversions from heating oil to gas.

I have been told that this is a way to provide more choices to consumers who do not have a gas line on their street. Well if that is the case, it raises the question why under the current rules natural gas is not attractive enough for consumer to demand it and the utilities to make it avlaaible?

I can tell you that when I wanted to grow my business I went to a bank, obtained a loan and took a business risk to try to do better. I was not guaranteed a return, it was not certain that I would succeed and at no point was able to raise my prices to my customers to pay for my expansion!

But it seems that the proposal to change the hurdle rate provides protections to the utilities while leaving existing ratepayers with the bill to pay. Reducing upfront costs to new customers and being allowed to spread the remainder of the costs among the natural gas monopolies existing customers seems unfair.

I understand that in 2012 PURA rejected a similar proposal to increase the hurdle rate, in what I imagine was an effort to protect ratepayers from higher natural gas rates. Shouldn't the regulators decide what is in the best interest of ratepayers so that they can take into account all the factors before the hurdle rate is set?

If I am expected to compete with large utilities, then I would ask that the legislature not change the rules to favor one business over another. As publically traded companies, the natural gas utilities have immense capital resources that they can bring to bear if they choose to. Let them invest their own money if they want to lay new lines and gain new customers. Why should the existing ratepayers be required to pay for the utilities infrastructure?

I recommend that language be added to this section that prohibits the utilities from passing the cost of expanding their infrastructure to existing ratepayers. All costs that are involved in expanding their market should be the responsibility of their new customers and/or their shareholders.

Connecticut needs fuel neutral energy policies that promotes conservation not fuel conversion!

I ask that the Energy Committee amend the language in **H.B. 6360**, AN ACT CONCERNING IMPLEMENTATION OF CONNECTICUT'S COMPREHENSIVE ENERGY STRATEGY to prohibit monopolies from recovering their costs from their existing ratepayer when they expand their infrastructure.

Thank you. I would be happy to answer any questions you may have.

Respectfully,

David Foster

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